

CHARTER TOWNSHIP OF POLKTON
Ottawa County, Michigan

FINANCIAL REPORT WITH
SUPPLEMENTARY INFORMATION

Year Ended December 31, 2007

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Charter Township of Polkton	County Ottawa
Fiscal Year End December 31, 2007	Opinion Date February 5, 2008	Date Audit Report Submitted to State February 11, 2008	

We affirm that:

We are certified public accountants licensed to practice in Michigan.


We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES ☒ NO ☐ Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input checked="" type="checkbox"/>			
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>	N/A		
Certified Public Accountant (Firm Name) Campbell, Kusterer & Co., P.C.		Telephone Number 989-894-1040		
Street Address 512 N. Lincoln, Suite 100, P.O. Box 686		City Bay City	State MI	Zip 48707
Authorizing CPA Signature 		Printed Name Mark J. Campbell		License Number 1101007803

CHARTER TOWNSHIP OF POLKTON
Ottawa County, Michigan

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CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

February 5, 2008

To the Township Board
Charter Township of Polkton
Ottawa County, Michigan

We have audited the accompanying financial statements of the governmental activities, business type activities and each major fund of Charter Township of Polkton, Ottawa County, Michigan as of and for the year ended December 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Charter Township of Polkton's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities and each major fund of the Charter Township of Polkton, Ottawa County, Michigan as of December 31, 2007, and the respective changes in financial position and cash flows where applicable, of these activities and funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and budgetary comparison information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the Township's basic financial statements. The other supporting information described in the accompanying table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, it is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Campbell, Kusterer & Co., PC
CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants

CHARTER TOWNSHIP OF POLKTON
Ottawa County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2007

The Management's Discussion and Analysis report of the Charter Township of Polkton covers the Township's financial performance during the year ended December 31, 2007.

FINANCIAL HIGHLIGHTS

Our financial status remained stable over the last year. Net Assets on December 31, 2007 totaled \$1,185,743.29 for governmental activities and \$263,065.73 for business activities (water). Overall total capital assets remained approximately the same as 2006.

Overall revenues were \$763,970.55 (\$719,034.31 from governmental activities and \$44,936.24 from business-type activities.) Government activities had a road construction improvement project this year totaling \$383,623.71. There was a loss of .98% in revenue sharing. Business activities had no major investment.

Taxable value increased by 8.14% over 2006. No new debt was incurred.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts, management's discussion and analysis, the basic financial statements and required supplementary information. The basic financial statements include two different kinds of statements that present different views of the Township and the notes to the financial statements.

The first two statements are entity-wide financial statements and provide both long and short-term information about our overall financial status. These statements present governmental and business-type activities.

The remaining statements are fund financial statements, which focus on individual parts of the Township in more detail.

The notes to the financial statements explain some of the information in the statements and provide more detailed data.

Required supplementary information further explains and supports the financial statement information with budgetary comparisons.

ENTITY-WIDE FINANCIAL STATEMENTS

The entity-wide statements report information about the Township as a whole using accounting methods used by private companies. The statement of net assets includes all of the Township's assets and liabilities. The statement of activities records all of the current year revenues and expenses regardless of when received or paid.

The two entity-wide statements report net assets and how they have changed. Net assets are the difference between the entity's assets and liabilities and this is one method to measure the entity's financial health or position.

Over time increases/decreases in the entity's net assets are an indicator of whether financial position is improving or deteriorating.

To assess overall health of the entity you may also have to consider additional factors such as tax base changes, facility conditions and personnel changes.

All of the activities of the Township are reported as governmental activities and business-type activities. These include the General Fund, Road Fund, Public Improvement Fund, Water Fund, Fire Fund and the Senior Services Fund.

CHARTER TOWNSHIP OF POLKTON
Ottawa County, Michigan

**MANAGEMENT'S DISCUSSION AND ANALYSIS – ENTITY-WIDE
FINANCIAL INFORMATION - CONDENSED FINANCIAL INFORMATION**
December 31, 2007

	Governmental Activities 2006	Governmental Activities 2007	Business-type Activities 2006	Business-type Activities 2007	Total 2006	Total 2007
Current Assets	1 419 129	1 441 256	241 474	233 153	1 660 603	1 674 409
Capital Assets	1184 577	176 178	358 351	348 921	542 928	525 099
Total Assets	1 603 706	1 617 434	599 825	582 074	2 203 531	2 199 508
Current Liabilities	392 431	431 691	97 739	79 008	490 170	510 699
Non-current Liabilities	-	-	260 000	240 000	260 000	240 000
Total Liabilities	392 431	431 691	357 739	319 008	750 170	750 699
Net Assets:						
Invested in Capital Assets	184 577	176 178	98 351	108 921	282 928	285 099
Unrestricted	1 026 698	1 009 565	143 735	154 145	1 170 433	1 163 710
Total Net Assets	1 211 275	1 185 743	242 086	263 066	1 453 361	1 448 809
	Governmental Activities 2006	Governmental Activities 2007	Business-type Activities 2006	Business-type Activities 2007	Total 2006	Total 2007
Program Revenues:						
Fees and Charges for services	171 101	139 726	33 051	34 949	204 152	174 675
General Revenues:						
Property Taxes	332 476	361 339	-	-	332 476	361 339
State Revenue Sharing	166 183	136 603	-	-	166 183	136 603
Interest	44 753	57 012	5 706	6 015	50 459	63 027
Miscellaneous	24 578	24 353	940	3 972	25 518	28 325
Transfers in (out)	(10 400)	(10 400)	10 400	10 400	-	-
Total Revenues	728 691	708 633	50 097	55 336	778 788	763 969
Program Expenses:						
General Government and Administration	200 783	168 979	-	-	200 783	168 979
Public Safety	131 830	126 396	-	-	131 830	126 396
Public Works	33 980	415 233	35 279	34 356	69 259	449 589
Other	22 009	23 557	-	-	22 009	23 557
Total Expenses	388 602	734 165	35 279	34 356	423 881	768 521
Increase in Net Assets	340 089	(25 532)	14 818	20 980	354 907	(4 552)
Net Assets, January 1	871 186	1 211 275	227 268	242 086	1 098 454	1 453 361
Net Assets, December 31	1 211 275	1 185 743	242 086	263 066	1 453 361	1 448 809

CHARTER TOWNSHIP OF POLKTON
Ottawa County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2007

FUND FINANCIAL STATEMENTS

The Township has the following types of funds:

Governmental Funds: Some of the Township's activities are included in the governmental fund category. These funds are presented on the modified accrual basis, which is designed to show short-term financial information. The Township's governmental funds include the General Fund, Fire Fund, Road Fund, Senior Services Fund and Public Improvement Fund.

Business-Type Funds: The Township has a Water Fund.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

We continue to pay our water loans as assessments come in. The original 20 year loan taken out in 1998 of \$395,000.00 is now down to \$240,000.00. We did not have a water rate increase this year.

Our cash position in both the governmental and business-type activities remains strong.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

The General Fund pays for most of the Township's governmental services with total expenditures of \$245,953.39.

The Landfill continues to be a major source of income for the Township with \$91,307.82 recorded in 2007.

The Water Fund incurred \$28,106.13 in operating expenses.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

Governmental activities invested \$0 in capital assets.

Business-type activities invested \$0 in capital assets.

Governmental activities paid \$0 on long-term debt.

Business-type (Water) activities paid \$20,000.00 on water bond principal.

KNOWN FACTORS AFFECTING FUTURE OPERATIONS

The future of state revenue sharing is uncertain and it represents 31% of our income. We continue to grow at a 8.14% rate in taxable values. This represents an increase in growth of housing starts and therefore the infrastructure which goes along with development. Housing starts have decreased in 2007. The Ottawa County Farms Landfill continues to be a revenue source for the Township yet has seen slow downs in 2007.

CONTACTING THE TOWNSHIP'S MANAGEMENT

This financial report is designed to provide our taxpayers, creditors, investors and customers with a general overview of the Township's finances and to demonstrate the Township's accountability for the revenues it receives. If you have any questions concerning this report please contact the Township Clerk or the Township Treasurer at 616-837-6876.

CHARTER TOWNSHIP OF POLKTON
Ottawa County, Michigan

GOVERNMENT-WIDE STATEMENT OF NET ASSETS
December 31, 2007

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS:			
CURRENT ASSETS:			
Cash in bank	274 339 49	12 747 45	287 086 94
Investments	833 652 46	141 467 09	975 119 55
Accounts receivable	10 814 46	2 961 24	13 775 70
Taxes receivable	322 450 15	9 906 82	332 356 97
Special assessments receivable	<u>-</u>	<u>66 070 46</u>	<u>66 070 46</u>
Total Current Assets	<u>1 441 256 56</u>	<u>233 153 06</u>	<u>1 674 409 62</u>
NON-CURRENT ASSETS:			
Capital Assets	324 975 00	471 511 00	796 486 00
Less: Accumulated Depreciation	<u>(148 797 00)</u>	<u>(122 590 00)</u>	<u>(271 387 00)</u>
Total Non-current Assets	<u>176 178 00</u>	<u>348 921 00</u>	<u>525 099 00</u>
TOTAL ASSETS	<u><u>1 617 434 56</u></u>	<u><u>582 074 06</u></u>	<u><u>2 199 508 62</u></u>
LIABILITIES AND NET ASSETS:			
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts payable	3 205 22	2 442 42	5 647 64
Deferred revenue	<u>428 486 05</u>	<u>76 565 91</u>	<u>505 051 96</u>
Total Current Liabilities	<u>431 691 27</u>	<u>79 008 33</u>	<u>510 699 60</u>
NON-CURRENT LIABILITIES:			
Contracts payable	<u>-</u>	<u>240 000 00</u>	<u>240 000 00</u>
Total Non-current Liabilities	<u>-</u>	<u>240 000 00</u>	<u>240 000 00</u>
Total Liabilities	<u>431 691 27</u>	<u>319 008 33</u>	<u>750 699 60</u>
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	176 178 00	108 921 00	285 099 00
Unrestricted	<u>1 009 565 29</u>	<u>154 144 73</u>	<u>1 163 710 02</u>
Total Net Assets	<u>1 185 743 29</u>	<u>263 065 73</u>	<u>1 448 809 02</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>1 617 434 56</u></u>	<u><u>582 074 06</u></u>	<u><u>2 199 508 62</u></u>

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF POLKTON
Ottawa County, Michigan

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
Year ended December 31, 2007

	<u>Expenses</u>	<u>Program Revenue</u>	<u>Governmental Activities Net (Expense) Revenue and Changes in Net Assets</u>
FUNCTIONS/PROGRAMS			
Governmental Activities:			
Legislative	70 810 63	-	(70 810 63)
General government	98 168 74	34 243 21	(63 925 53)
Public safety	126 395 89	14 175 15	(112 220 74)
Public works	415 233 35	91 307 82	(323 925 53)
Other	23 557 48	-	(23 557 48)
Total Governmental Activities	<u>734 166 09</u>	<u>139 726 18</u>	<u>(594 439 91)</u>
Business-Type Activities:			
Water	34 356 13	38 920 65	-
Total Business-Type Activities	<u>34 356 13</u>	<u>38 920 65</u>	-
Total Government	<u><u>768 522 22</u></u>	<u><u>178 646 83</u></u>	<u>(594 439 91)</u>
General Revenues:			
Transfers			(10 400 00)
Property taxes			361 339 19
State revenue sharing			136 603 09
Interest			57 012 43
Miscellaneous			24 353 42
Total General Revenues			<u>568 908 13</u>
Change in net assets			(25 531 78)
Net assets, beginning of year			<u>1 211 275 07</u>
Net Assets, End of Year			<u><u>1 185 743 29</u></u>

The accompanying notes are an integral part of these financial statements.

Business-Type Activities	Total
Net (Expense) Revenue and Changes in Net Assets	Net (Expense) Revenue and Changes in Net Assets
-	(70 810 63)
-	(63 925 53)
-	(112 220 74)
-	(323 925 53)
-	(23 557 48)
-	(594 439 91)
4 564 52	4 564 52
4 564 52	4 564 52
4 564 52	(589 875 39)
10 400 00	-
-	361 339 19
-	136 603 09
6 015 59	63 028 02
-	24 353 42
16 415 59	585 323 72
20 980 11	(4 551 67)
242 085 62	1 453 360 69
263 065 73	1 448 809 02

CHARTER TOWNSHIP OF POLKTON
Ottawa County, Michigan

BALANCE SHEET – GOVERNMENTAL FUNDS
December 31, 2007

	<u>General</u>	<u>Road</u>	<u>Fire</u>	<u>Other Nonmajor</u>
<u>Assets</u>				
Cash in bank	168 303 59	-	-	-
Investments	745 005 88	9 718 14	36 352 09	42 576 35
Accounts receivable	10 814 46	-	-	-
Due from other funds	<u>125 200 38</u>	<u>186 991 87</u>	<u>93 042 89</u>	<u>23 250 91</u>
Total Assets	<u>1 049 324 31</u>	<u>196 710 01</u>	<u>129 394 98</u>	<u>65 827 26</u>
<u>Liabilities and Fund Equity</u>				
Liabilities:				
Accounts payable	3 205 22	-	-	-
Deferred revenue	<u>125 200 38</u>	<u>186 991 87</u>	<u>93 042 89</u>	<u>23 250 91</u>
Total liabilities	<u>128 405 60</u>	<u>186 991 87</u>	<u>93 042 89</u>	<u>23 250 91</u>
Fund equity:				
Fund balances:				
Unreserved:				
Undesignated	<u>920 918 71</u>	<u>9 718 14</u>	<u>36 352 09</u>	<u>42 576 35</u>
Total fund equity	<u>920 918 71</u>	<u>9 718 14</u>	<u>36 352 09</u>	<u>42 576 35</u>
Total Liabilities and Fund Equity	<u>1 049 324 31</u>	<u>196 710 01</u>	<u>129 394 98</u>	<u>65 827 26</u>

The accompanying notes are an integral part of these financial statements.

Total

168 303 59

833 652 46

10 814 46

428 486 05

1 441 256 56

3 205 22

428 486 05

431 691 27

1 009 565 29

1 009 565 29

1 441 256 56

CHARTER TOWNSHIP OF POLKTON
Ottawa County, Michigan

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
December 31, 2007

TOTAL FUND BALANCES – GOVERNMENTAL FUNDS	1 009 565 29
Amounts reported for governmental activities in the statement of net assets are different because –	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet:	
Capital assets at cost	324 975 00
Accumulated depreciation	<u>(148 797 00)</u>
TOTAL NET ASSETS – GOVERNMENTAL ACTIVITIES	<u><u>1 185 743 29</u></u>

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF POLKTON
Ottawa County, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS

Year ended December 31, 2007

	<u>General</u>	<u>Road</u>	<u>Fire</u>	<u>Other Nonmajor</u>
Revenues:				
Property taxes	83 017 28	170 351 14	86 380 78	21 589 99
Licenses and permits	14 175 15	-	-	-
State revenue sharing	131 083 00	5 520 09	-	-
Charges for services:				
Property tax administration	30 731 77	-	-	-
Landfill	91 307 82	-	-	-
Interest	44 022 61	9 147 65	2 101 53	1 740 64
Rents	900 00	-	-	-
Special assessments	2 611 44	-	-	-
Miscellaneous	24 353 42	-	-	-
Total revenues	<u>422 202 49</u>	<u>185 018 88</u>	<u>88 482 31</u>	<u>23 330 63</u>
Expenditures:				
Legislative:				
Township Board	70 810 63	-	-	-
General government:				
Supervisor	13 091 00	-	-	-
Elections	1 156 46	-	-	-
Assessor	15 548 04	-	-	-
Clerk	18 116 69	-	-	-
Board of Review	1 029 80	-	-	-
Treasurer	18 550 42	-	-	-
Building and grounds	8 850 33	-	-	-
Cemetery	13 427 00	-	-	-
Public safety:				
Police protection	15 253 75	-	-	-
Fire protection	269 86	-	74 600 00	-
Ambulance	20 315 00	-	-	-
Protective inspection	11 405 00	-	-	-
Planning Commission	4 272 28	-	-	-
Zoning Board of Appeals	280 00	-	-	-
Public works:				
Highways and streets	28 226 88	383 623 71	-	-
Street lighting	3 382 76	-	-	-
Other:				
Payroll taxes	1 967 49	-	-	-
Senior services	-	-	-	21 589 99
Total expenditures	<u>245 953 39</u>	<u>383 623 71</u>	<u>74 600 00</u>	<u>21 589 99</u>
Excess (deficiency) of revenues over expenditures	<u>176 249 10</u>	<u>(198 604 83)</u>	<u>13 882 31</u>	<u>1 740 64</u>

The accompanying notes are an integral part of these financial statements.

<u>Total</u>	
361 339 19	
14 175 15	
136 603 09	
30 731 77	
91 307 82	
57 012 43	
900 00	
2 611 44	
<u>24 353 42</u>	
<u>719 034 31</u>	
70 810 63	
13 091 00	
1 156 46	
15 548 04	
18 116 69	
1 029 80	
18 550 42	
8 850 33	
13 427 00	
15 253 75	
74 869 86	
20 315 00	
11 405 00	
4 272 28	
280 00	
411 850 59	
3 382 76	
1 967 49	
<u>21 589 99</u>	
<u>725 767 09</u>	
<u>(6 732 78)</u>	

CHARTER TOWNSHIP OF POLKTON
Ottawa County, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS

Year ended December 31, 2007

	<u>General</u>	<u>Road</u>	<u>Fire</u>	<u>Other Nonmajor</u>
Other financing sources (uses):				
Transfers out	<u>(10 400 00)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(10 400 00)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	165 849 10	(198 604 83)	13 882 31	1 740 64
Fund balances, January 1	<u>755 069 61</u>	<u>208 322 97</u>	<u>22 469 78</u>	<u>40 835 71</u>
Fund Balances, December 31	<u><u>920 918 71</u></u>	<u><u>9 718 14</u></u>	<u><u>36 352 09</u></u>	<u><u>42 576 35</u></u>

The accompanying notes are an integral part of these financial statements.

Total
(10 400 00)
(10 400 00)

(17 132 78)
1 026 698 07
1 009 565 29

CHARTER TOWNSHIP OF POLKTON
Ottawa County, Michigan

RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year ended December 31, 2007

NET CHANGES IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS (17 132 78)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures; in the Statement of Activities,
these costs are allocated over their estimated useful lives as depreciation

Depreciation Expense	(8 399 00)
Capital Outlay	<u>-</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>(25 531 78)</u>
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The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF POLKTON
Ottawa County, Michigan

STATEMENT OF NET ASSETS – BUSINESS-TYPE FUNDS
December 31, 2007

	<u>Water Fund</u>
ASSETS:	
CURRENT ASSETS:	
Cash in bank	12 158 82
Investments	141 467 09
Accounts receivable	2 961 24
Special assessments receivable	66 070 46
Due from other funds	<u>10 495 45</u>
Total Current Assets	<u>233 153 06</u>
NON-CURRENT ASSETS:	
Capital Assets	471 511 00
Less: Accumulated Depreciation	<u>(122 590 00)</u>
Total Non-current Assets	<u>348 921 00</u>
TOTAL ASSETS	<u>582 074 06</u>
LIABILITIES AND NET ASSETS:	
LIABILITIES:	
CURRENT LIABILITIES:	
Accounts payable	2 442 42
Deferred revenue	<u>76 565 91</u>
Total Current Liabilities	<u>79 008 33</u>
NON-CURRENT LIABILITIES:	
Contract payable	<u>240 000 00</u>
Total Non-current Liabilities	<u>240 000 00</u>
Total Liabilities	<u>319 008 33</u>
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	108 921 00
Unrestricted	<u>154 144 73</u>
Total Net Assets	<u>263 065 73</u>
TOTAL LIABILITIES AND NET ASSETS	<u>582 074 06</u>

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF POLKTON
Ottawa County, Michigan

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS –
BUSINESS-TYPE FUNDS

Year ended December 31, 2007

	<u>Water Fund</u>
OPERATING REVENUES:	
Charges for Services:	
Water charges	13 589 98
Special assessments	21 358 91
Miscellaneous	<u>3 971 76</u>
Total Operating Revenues	<u>38 920 65</u>
OPERATING EXPENSES:	
Water	18 676 13
Depreciation	<u>9 430 00</u>
Total Operating Expenses	<u>28 106 13</u>
Operating Income	<u>10 814 52</u>
NON-OPERATING REVENUES (EXPENSES):	
Transfers from other funds	10 400 00
Interest income	6 015 59
Interest expense	<u>(6 250 00)</u>
Net Non-operating Revenues (Expenses)	<u>10 165 59</u>
Change in net assets	20 980 11
Net assets, beginning of year	<u>242 085 62</u>
Net Assets, End of Year	<u><u>263 065 73</u></u>

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF POLKTON
Ottawa County, Michigan

STATEMENT OF CASH FLOWS – BUSINESS-TYPE FUNDS
Year ended December 31, 2007

	<u>Water Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	37 284 21
Cash payments to supplies	<u>(18 995 05)</u>
Net cash provided (used) by operating activities	<u>18 289 15</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Net borrowings (repayments) with other funds	1 472 57
Transfers (to) from other funds	<u>10 400 00</u>
Net cash provided (used) by non-capital financing activities	<u>11 872 57</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Principal on contracts payable	(20 000 00)
Interest on contracts payable	<u>(6 250 00)</u>
Net cash provided (used) by capital and related financing activities	<u>(26 250 00)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest on investments	<u>6 015 59</u>
Net increase (decrease) in cash	9 927 31
Cash beginning of year	<u>143 698 60</u>
Cash End of Year	<u><u>153 625 91</u></u>
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Income (loss) from operations	10 814 52
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:	
Depreciation	9 430 00
(Increase) decrease in receivables	(1 636 45)
Increase (decrease) in payables	<u>(318 92)</u>
Net Cash Provided (Used) by Operating Activities	<u><u>18 289 15</u></u>

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF POLKTON
Ottawa County, Michigan

NOTES TO FINANCIAL STATEMENTS
December 31, 2007

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Charter Township of Polkton, Ottawa County, Michigan, conform to generally accepted accounting principles as applicable to governmental units.

Reporting Entity

The financial statements of the Township contain all the Township funds that are controlled by or dependent on the Township's executive or legislative branches.

The reporting entity is the Charter Township of Polkton. The Township is governed by an elected Township Board. As required by generally accepted accounting principles, these financial statements present the Township as the primary government.

Government-Wide and Fund Financial Statements

The government-wide financial statements, (the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments and other items not properly included among program revenues are reported as general revenue.

Major individual governmental and business type funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

CHARTER TOWNSHIP OF POLKTON
Ottawa County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

Note 1 – Summary of Significant Accounting Policies (continued)

Joint Ventures

The Charter Township is a member of Coopersville-Polkton Cemetery Authority. The Charter Township appoints one member to the joint venture's governing board, which then approves the annual budget. The following financial information of the joint venture, obtained from their audit report, is as of June 30, 2007:

Total assets	62 814
Total liabilities	-
Total equity	62 814
Total revenue	38 312
Total expenditures	44 998
Increase (decrease) in fund balance	(6 686)
Total joint venture's outstanding debt	-

The Charter Township is also a member of Coopersville Polkton Area Fire Protection Authority. The Charter Township appoints two members to the joint venture's governing board, which then approves the annual budget. The following financial information of the joint venture, obtained from their audit report, is as of December 31, 2007:

Total assets	554 759
Total liabilities	-
Total net assets	554 759
Total revenue	200 634
Total expenditures	165 313
Increase (decrease) in net assets	36 013
Total joint venture's outstanding debt	-

Governmental Funds

General Fund

This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenues.

Special Revenue Funds

These funds are used to account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action.

Fiduciary Fund

The Current Tax Collection Fund is used to account for assets held as an agent for others.

CHARTER TOWNSHIP OF POLKTON
Ottawa County, Michigan

NOTES TO FINANCIAL STATEMENTS
December 31, 2007

Note 1 – Summary of Significant Accounting Policies (continued)

Proprietary Funds

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water enterprise fund are charges to customers for services. The enterprise fund also recognizes as operating revenues the tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise fund include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Assets, Liabilities and Net Assets or Equity

Bank deposits and investments – Cash and cash equivalent investments include cash on hand, demand deposits, certificates of deposit and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables

Receivables have been recognized for all significant amounts due to the Township. Allowances for uncollectible accounts have not been provided for in that collection is not considered doubtful and any uncollected amount would be immaterial.

Inventories

Inventories of supplies are considered to be immaterial and are not recorded.

Property Taxes

Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned.

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls. The Township 2006 tax roll millage rate was 4.1648 mills, and the taxable value was \$86,579,816.00.

Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

CHARTER TOWNSHIP OF POLKTON
Ottawa County, Michigan

NOTES TO FINANCIAL STATEMENTS
December 31, 2007

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets are defined by the Township as assets with an initial cost of more than \$1,000.00 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings, additions and improvements	40-60 years
Furniture and equipment	3-5 years

Compensated Absences (Vacation and Sick Leave)

Township employees are not allowed to accumulate vacation and sick pay and therefore no accumulated amount is recorded in the financial statements.

Post-employment Benefits

The Township provides no post-employment benefits to past employees.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Note 2 – Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these general purpose financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted at the activity level by a majority vote of the Township Board.
5. The budgets are adopted on the modified accrual basis of accounting.
6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.

CHARTER TOWNSHIP OF POLKTON
Ottawa County, Michigan

NOTES TO FINANCIAL STATEMENTS
December 31, 2007

Note 2 – Budgets and Budgetary Accounting (continued)

8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these general purpose financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

Note 3 – Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township Board has designated two banks for the deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized by state law as listed above.

The Township's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the cash deposits are as follows:

	<u>Carrying Amounts</u>
Total Deposits	<u>710 473 53</u>

Amounts in the bank balances are without considering deposits in transit or uncleared checks.

	<u>Bank Balances</u>
Insured (FDIC)	100 000 00
Uninsured and Uncollateralized	<u>529 013 98</u>
Total Deposits	<u>629 013 98</u>

The Township's investments are categorized below to give an indication of the level of risk assumed by the Township. Risk category 1 includes those investments that meet any one of the following criteria: insured, registered, or held by the Township or its agent. Risk categories 2 and 3 include investments that are neither insured nor registered. Category 2 includes investments that are held by the counterparty's trust department (or agent) in the Township's name. Category 3 includes investments held by the counterparty or the counterparty's trust department (or agent) but not in the Township's name.

CHARTER TOWNSHIP OF POLKTON
Ottawa County, Michigan

NOTES TO FINANCIAL STATEMENTS
December 31, 2007

Note 3 – Deposits and Investments (continued)

The GASB Statement No. 3 risk disclosures for the Township's investments are categorized as follows:

<u>Investment Type</u>	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	<u>Carrying Amount</u>
Risk-Categorized: Operating Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Risk-Categorized Investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Nonrisk-Categorized: Financial Institution Pooled Funds				<u>975 119 55</u>
Total Investments				<u>975 119 55</u>

The financial institution pooled funds are not categorized because they are not evidenced by securities that exist in physical or book entry form. Management believes that the investments in the funds comply with the investment authority noted above.

Note 4 – Interfund Receivables and Payables

The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	125 200 38		
Road	186 991 87		
Fire	93 042 89		
Senior Services	23 250 91		
Water	<u>10 495 45</u>	Current Tax Collection	<u>438 981 50</u>
Total	<u>438 981 50</u>	Total	<u>438 981 50</u>

CHARTER TOWNSHIP OF POLKTON
Ottawa County, Michigan

NOTES TO FINANCIAL STATEMENTS
December 31, 2007

Note 5 – Capital Assets

Capital asset activity of the Township's Governmental and Business-Type activities for the current year was as follows:

	Balance 1/1/07	Additions	Deletions	Balance 12/31/07
<u>Governmental Activities:</u>				
Land	24 629 00	-	-	24 629 00
Buildings	277 891 00	-	-	277 891 00
Equipment	22 455 00	-	-	22 455 00
Total	324 975 00	-	-	324 975 00
Accumulated Depreciation	(140 398 00)	(8 399 00)	-	(148 797 00)
Net Governmental Capital Assets	<u>184 577 00</u>	<u>(8 399 00)</u>	<u>-</u>	<u>176 178 00</u>
<u>Business-Type Activities:</u>				
Water System	471 511 00	-	-	471 511 00
Accumulated Depreciation	(113 160 00)	(9 430 00)	-	(122 590 00)
Net Business-Type Capital Assets	<u>358 351 00</u>	<u>(9 430 00)</u>	<u>-</u>	<u>348 921 00</u>

Note 6 – Deferred Compensation Plan

The Township does not have a deferred compensation plan.

Note 7 – Pension Plan

The Township has a defined contribution pension plan covering substantially all full time employees. The Township contributes a portion of each employee's annual salary to the plan and the employees contribute an equal amount. Pension expense for the fiscal year ended December 31, 2007, was \$7,095.62.

Note 8 – Changes in Long-Term Debt

A summary of changes in long-term debt follows:

	Balance 1/1/07	Additions	Deductions	Balance 12/31/07
Contract payable – Ottawa County	260 000 00	-	20 000 00	240 000 00
Total	<u>260 000 00</u>	<u>-</u>	<u>20 000 00</u>	<u>240 000 00</u>

CHARTER TOWNSHIP OF POLKTON
Ottawa County, Michigan

NOTES TO FINANCIAL STATEMENTS
December 31, 2007

Note 9 – Contract Payable – Ottawa County

On March 1, 1998, the Township entered into an agreement with the County of Ottawa whereby the Township agreed to pay amounts to the County to enable the County to make bond principal and interest payments to retire the 1998 bond issue in the principal amount of \$395,000.00. The bonds were issued to fund part of the cost of a water system extension within the Township. The bonds bear interest at the rate of 2.5% per annum. As of December 31, 2007, \$240,000.00 of the bond principal remained outstanding.

<u>Due Date</u>	<u>Principal Amount</u>
4-1-08	20 000 00
4-1-09	20 000 00
4-1-10	20 000 00
4-1-11	20 000 00
4-1-12	20 000 00
4-1-13	20 000 00
4-1-14	20 000 00
4-1-15	25 000 00
4-1-16	25 000 00
4-1-17	25 000 00
4-1-18	<u>25 000 00</u>
Total	<u><u>240 000 00</u></u>

Note 10 – Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for property loss, torts and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 11 – Transfers In and Transfers Out

For the fiscal year ended, December 31, 2007, the Township made the following interfund transfers:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	-	10 400 00
Water Fund	<u>10 400 00</u>	<u>-</u>
Total	<u><u>10 400 00</u></u>	<u><u>10 400 00</u></u>

Note 12 – Building Permits

As of December 31, 2007, the Township had building permit revenues of \$12,225.00 and building permit expenses of \$11,405.00.

CHARTER TOWNSHIP OF POLKTON
Ottawa County, Michigan

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
Year ended December 31, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Property taxes	83 050 00	83 050 00	83 017 28	(32 72)
Licenses and permits	22 465 00	22 465 00	14 175 15	(8 289 85)
State revenue sharing	150 000 00	150 000 00	131 083 00	(18 917 00)
Charges for services:				
Property tax administration	22 419 00	22 419 00	30 731 77	8 312 77
Landfill	97 000 00	97 000 00	91 307 82	(5 692 18)
Interest	20 000 00	20 000 00	44 022 61	24 022 61
Rents	800 00	800 00	900 00	100 00
Special assessments	2 800 00	2 800 00	2 611 44	(188 56)
Miscellaneous	<u>10 266 00</u>	<u>10 266 00</u>	<u>24 353 42</u>	<u>14 087 42</u>
Total revenues	<u>408 800 00</u>	<u>408 800 00</u>	<u>422 202 49</u>	<u>13 402 49</u>
Expenditures:				
Legislative:				
Township Board	92 900 00	92 900 00	70 810 63	(22 089 37)
General government:				
Supervisor	13 000 00	13 200 00	13 091 00	(109 00)
Elections	3 500 00	3 500 00	1 156 46	(2 343 54)
Assessor	15 800 00	15 800 00	15 548 04	(251 96)
Clerk	18 520 00	18 520 00	18 116 69	(403 31)
Board of Review	1 200 00	1 200 00	1 029 80	(170 20)
Treasurer	21 900 00	21 900 00	18 550 42	(3 349 58)
Building and grounds	12 300 00	12 300 00	8 850 33	(3 449 67)
Cemetery	11 600 00	13 430 00	13 427 00	(3 00)
Public safety:				
Police protection	17 000 00	17 000 00	15 253 75	(1 746 25)
Fire protection	300 00	300 00	269 86	(30 14)
Ambulance	20 000 00	20 315 00	20 315 00	-
Protective inspection	20 000 00	20 000 00	11 405 00	(8 595 00)
Planning Commission	6 000 00	6 000 00	4 272 28	(1 727 72)
Zoning Board of Appeals	2 300 00	2 300 00	280 00	(2 020 00)
Public works:				
Highways and streets	32 000 00	32 000 00	28 226 88	(3 773 12)
Street lighting	2 800 00	3 400 00	3 382 76	(17 24)
Drains	2 000 00	2 000 00	-	(2 000 00)
Other:				
Payroll taxes	2 000 00	2 000 00	1 967 49	(32 51)
Contingency	<u>17 500 00</u>	<u>14 555 00</u>	<u>-</u>	<u>(14 555 00)</u>
Total expenditures	<u>312 620 00</u>	<u>312 620 00</u>	<u>245 953 39</u>	<u>(66 666 61)</u>
Excess (deficiency) of revenues over expenditures	<u>96 180 00</u>	<u>96 180 00</u>	<u>176 249 10</u>	<u>80 069 10</u>

CHARTER TOWNSHIP OF POLKTON
Ottawa County, Michigan

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
Year ended December 31, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Other financing sources (uses):				
Transfers in	300 00	300 00	-	(300 00)
Transfers out	<u>(10 400 00)</u>	<u>(10 400 00)</u>	<u>(10 400 00)</u>	<u>-</u>
Total other financing sources (uses)	<u>(10 100 00)</u>	<u>(10 100 00)</u>	<u>(10 400 00)</u>	<u>(300 00)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	86 080 00	86 080 00	165 849 10	79 769 10
Fund balance, January 1	<u>673 731 00</u>	<u>742 148 00</u>	<u>755 069 61</u>	<u>12 921 61</u>
Fund Balance, December 31	<u><u>759 811 00</u></u>	<u><u>828 228 00</u></u>	<u><u>920 918 71</u></u>	<u><u>92 690 71</u></u>

CHARTER TOWNSHIP OF POLKTON
Ottawa County, Michigan

BUDGETARY COMPARISON SCHEDULE – ROAD FUND
Year ended December 31, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Property taxes	170 178 00	170 178 00	170 351 14	173 14
State revenue sharing	5 500 00	5 500 00	5 520 09	20 09
Interest	5 000 00	5 000 00	9 147 65	4 147 65
Total revenues	<u>180 678 00</u>	<u>180 678 00</u>	<u>185 018 88</u>	<u>4 340 88</u>
Expenditures:				
Public works:				
Highways and streets	<u>380 573 00</u>	<u>383 624 00</u>	<u>383 623 71</u>	<u>(29)</u>
Total expenditures	<u>380 573 00</u>	<u>383 624 00</u>	<u>383 623 71</u>	<u>(29)</u>
Excess (deficiency) of revenues over expenditures	(199 895 00)	(202 946 00)	(198 604 83)	4 341 17
Fund balance, January 1	<u>207 420 00</u>	<u>208 323 00</u>	<u>208 322 97</u>	<u>03</u>
Fund Balance, December 31	<u><u>7 525 00</u></u>	<u><u>5 377 00</u></u>	<u><u>9 718 14</u></u>	<u><u>4 341 14</u></u>

CHARTER TOWNSHIP OF POLKTON
Ottawa County, Michigan

BUDGETARY COMPARISON SCHEDULE – FIRE FUND
Year ended December 31, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Property taxes	86 334 00	86 334 00	86 380 78	46 78
Interest	<u>666 00</u>	<u>666 00</u>	<u>2 101 53</u>	<u>1 435 53</u>
Total revenues	<u>87 000 00</u>	<u>87 000 00</u>	<u>88 482 31</u>	<u>1 482 31</u>
Expenditures:				
Public safety:				
Fire protection	<u>77 000 00</u>	<u>77 000 00</u>	<u>74 600 00</u>	<u>(2 400 00)</u>
Total expenditures	<u>77 000 00</u>	<u>77 000 00</u>	<u>74 600 00</u>	<u>(2 400 00)</u>
Excess of revenues over expenditures	10 000 00	10 000 00	13 882 31	3 882 31
Fund balance, January 1	<u>22 304 00</u>	<u>22 304 00</u>	<u>22 469 78</u>	<u>165 78</u>
Fund Balance, December 31	<u><u>32 304 00</u></u>	<u><u>32 304 00</u></u>	<u><u>36 352 09</u></u>	<u><u>4 048 09</u></u>

CHARTER TOWNSHIP OF POLKTON
Ottawa County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT

Year ended December 31, 2007

Township Board:	
Wages	3 060 00
Administrative assistant	247 50
Supplies	2 062 37
Professional services	3 770 73
Legal	38 789 08
Printing and publishing	1 857 60
Insurance	9 196 00
Pension	7 095 62
Miscellaneous	2 233 09
Memberships and dues	1 834 64
Education	664 00
	<u>70 810 63</u>
Supervisor:	
Salary	13 050 00
Office supplies	41 00
	<u>13 091 00</u>
Elections	<u>1 156 46</u>
Assessor:	
Salary	14 400 00
Office supplies	1 148 04
	<u>15 548 04</u>
Clerk:	
Salary	17 760 00
Office supplies	356 69
	<u>18 116 69</u>
Board of Review	<u>1 029 80</u>
Treasurer:	
Salary	16 147 50
Office supplies	2 402 92
	<u>18 550 42</u>
Building and grounds:	
Utilities	5 320 35
Repairs and maintenance	2 767 85
Miscellaneous	762 13
	<u>8 850 33</u>
Cemetery	<u>13 427 00</u>
Police protection	<u>15 253 75</u>
Fire Protection	<u>269 86</u>
Ambulance	<u>20 315 00</u>
Protective inspection	<u>11 405 00</u>
Planning Commission	<u>4 272 28</u>
Zoning Board of Appeals	<u>280 00</u>
Highways and streets	<u>28 226 88</u>

CHARTER TOWNSHIP OF POLKTON
Ottawa County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year ended December 31, 2007

Street lighting	<u>3 382 76</u>
Payroll taxes	<u>1 967 49</u>
Total Expenditures	<u><u>245 953 39</u></u>

CHARTER TOWNSHIP OF POLKTON
Ottawa County, Michigan

COMBINING BALANCE SHEET – ALL NONMAJOR FUNDS
December 31, 2007

	<u>Public Improvement</u>	<u>Senior Services</u>	<u>Total</u>
<u>Assets</u>			
Investments	42 576 35	-	42 576 35
Due from other funds	<u>-</u>	<u>23 250 91</u>	<u>23 250 91</u>
Total Assets	<u>42 576 35</u>	<u>23 250 91</u>	<u>65 827 26</u>
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Deferred revenue	<u>-</u>	<u>23 250 91</u>	<u>23 250 91</u>
Total liabilities	<u>-</u>	<u>23 250 91</u>	<u>23 250 91</u>
Fund balances:			
Unreserved:			
Undesignated	<u>42 576 35</u>	<u>-</u>	<u>42 576 35</u>
Total fund balances	<u>42 576 35</u>	<u>-</u>	<u>42 576 35</u>
Total Liabilities and Fund Balances	<u>42 576 35</u>	<u>23 250 91</u>	<u>65 827 26</u>

CHARTER TOWNSHIP OF POLKTON
Ottawa County, Michigan

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – ALL NONMAJOR FUNDS
Year ended December 31, 2007

	<u>Public Improvement</u>	<u>Senior Services</u>	<u>Total</u>
Revenues:			
Property taxes	-	21 589 99	21 589 99
Interest	<u>1 740 64</u>	<u>-</u>	<u>1 740 64</u>
Total revenues	<u>1 740 64</u>	<u>21 589 99</u>	<u>23 330 63</u>
Expenditures:			
Other:			
Senior services	<u>-</u>	<u>21 589 99</u>	<u>21 589 99</u>
Total expenditures	<u>-</u>	<u>21 589 99</u>	<u>21 589 99</u>
Excess of revenues over expenditures	1 740 64	-	1 740 64
Fund balances, January 1	<u>40 835 71</u>	<u>-</u>	<u>40 835 71</u>
Fund Balances, December 31	<u><u>42 576 35</u></u>	<u><u>-</u></u>	<u><u>42 576 35</u></u>

CHARTER TOWNSHIP OF POLKTON
Ottawa County, Michigan

CURRENT TAX COLLECTION FUND
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
Year ended December 31, 2007

	<u>Balance</u> <u>1/1/07</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/07</u>
<u>Assets</u>				
Cash in bank	632 562 19	2 613 122 33	2 797 132 95	448 551 57
Taxes receivable	<u>1 440 669 10</u>	<u>3 120 035 09</u>	<u>2 730 378 50</u>	<u>1 830 325 69</u>
Total Assets	<u>2 073 231 29</u>	<u>5 733 157 42</u>	<u>5 527 511 45</u>	<u>2 278 877 26</u>
<u>Liabilities</u>				
Due to other funds	402 417 41	436 908 83	400 344 74	438 981 50
Due to others	<u>1 670 813 88</u>	<u>2 565 870 09</u>	<u>2 396 788 21</u>	<u>1 839 895 76</u>
Total Liabilities	<u>2 073 231 29</u>	<u>3 002 778 92</u>	<u>2 797 132 95</u>	<u>2 278 877 26</u>

CHARTER TOWNSHIP OF POLKTON
Ottawa County, Michigan

CURRENT TAX COLLECTION FUND
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
Year ended December 31, 2007

Cash in bank – beginning of year	<u>632 562 19</u>
Cash receipts:	
Tax collections – 2006 tax roll	1 316 675 97
Tax collections – 2007 tax roll	1 289 709 40
Interest	<u>6 736 96</u>
Total cash receipts	<u>2 613 122 33</u>
Total beginning balance and cash receipts	<u>3 245 684 52</u>
Cash disbursements:	
Township General Fund	119 891 85
Township Road Fund	161 360 76
Township Water Fund	16 816 78
Township Fire Fund	81 824 16
Township Senior Services Fund	20 451 19
Ottawa County	999 962 14
Northeast Ottawa District Library	48 175 56
Ottawa Area Intermediate School District	351 179 32
Coopersville Area Public Schools	989 286 12
State of Michigan	2 643 45
Refunds of overpayments	<u>5 541 62</u>
Total cash disbursements	<u>2 797 132 95</u>
Cash in Bank – End of Year	<u>448 551 57</u>

CAMPBELL, KUSTERER & CO., P.C.

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AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS

February 5, 2008

To the Township Board
Charter Township of Polkton
Ottawa County, Michigan

We have audited the financial statements of the Charter Township of Polkton for the year ended December 31, 2007. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES

We conducted our audit of the financial statements of the Charter Township of Polkton in accordance with auditing standards generally accepted in the United States. The following paragraph explains our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the responsibility of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than those items of lesser importance or those in which the possibility of material error is remote.

For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

An independent auditor's objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor's work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, "in our opinion."

To the Township Board
Charter Township of Polkton
Ottawa County, Michigan

In the audit process, we gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are described in Note 1 to the financial statements.

OTHER COMMUNICATIONS

Auditing standards call for us to inform you of other significant issues such as, but not limited to, 1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management's current judgments; 2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; 3) Disagreements with management regarding the scope of the audit or application of accounting principles; 4) Consultation with other accountants; 5) Major issues discussed with management prior to retention; and 6) Difficulties encountered in performing the audit.

We have no significant issues, regarding these matters, to report to you at this time. Audit adjustments were minimal, and are available to review.

COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY

Our procedures disclosed the following condition that we would like to bring to your attention:

SEGREGATION OF DUTIES

The Township's system of internal control is affected by the size of the staff that it can employ.

The ultimate accounting system would include enough employees to completely segregate all aspects of each transaction. Different departments or individuals would handle: transaction authorization, transaction execution, asset handling, recording of transactions, review of transactions and subsequent control of assets.

The Township cannot enact a complete segregation of all aspects of each transaction due to the nature of local units of government. The "cost to benefit" relationship also would not justify a complete segregation of all duties.

We recommend that the Township Board Members understand these circumstances when performing their oversight responsibilities.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Township's financial statements and this communication of these matters does not affect our report on the Township's financial statements, dated December 31, 2007.

SUMMARY

We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Sincerely,

Campbell, Kusterer & Co., P.C.
CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants